

AMENDED IN SENATE APRIL 8, 2014

**SENATE BILL**

**No. 900**

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**Introduced by Senator Hill**

January 15, 2014

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An act to amend Section 321.1 of, and to add Sections 750 and 761.1 Section 750 to, the Public Utilities Code, relating to public-utility services utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 900, as amended, Hill. Public-utilities: safety Utilities.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility and authorizes the commission to establish rules for all public utilities, subject to control by the Legislature. If the commission finds after a hearing that the rules, practices, equipment, appliances, facilities, or service of any public utility, or the methods of manufacture, distribution, transmission, storage, or supply employed by the public utility, are unjust, unreasonable, unsafe, improper, inadequate, or insufficient, the Public Utilities Act requires that the commission determine and, by order or rule, fix the rules, practices, equipment, appliances, facilities, service, or methods to be observed, furnished, constructed, enforced, or employed. *Existing law states it is the intent of the Legislature that the commission assess the economic effects or other consequences of its decisions as a part of each ratemaking, rulemaking, or other proceeding.*

This bill would require ~~the commission to develop safety risk management procedures for use in quasi-legislative proceedings to assist the commission in determining whether or not a proposed policy~~

~~or rule change will affect safety. The bill would require that the safety risk management procedures ensure the sufficient development of the evidentiary record to support findings with regard to the incremental effect on safety of the proposed policy or rule changes made in quasi-legislative proceedings. The bill would require the commission to implement the safety risk management procedures by October 1, 2015. The bill would additionally require the commission to develop formal procedures to consider safety in a general rate case application by an electrical corporation or gas corporation, including a separate rate case application that considers a subset of the corporation's revenues, expenses, and investments in plant and equipment to establish an approved revenue requirement. The bill would require the commission to take actions to assess and mitigate the impacts of its decisions on customer, public, and employee safety.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 321.1 of the Public Utilities Code is  
2     amended to read:

3     321.1. (a) It is the intent of the Legislature that the commission  
4     assess the economic effects or *other* consequences of its decisions  
5     as part of each ratemaking, rulemaking, or other proceeding, and  
6     that this be accomplished using existing resources and within  
7     existing commission structures. The commission shall not establish  
8     a separate office or department for the purpose of evaluating  
9     economic development consequences of commission activities.

10    (b) *The commission shall take all necessary and appropriate*  
11    *actions to assess and mitigate the impacts of its decisions on*  
12    *customer, public, and employee safety.*

13    SECTION 1.

14    SEC. 2. Section 750 is added to the Public Utilities Code, to  
15    read:

16    750. The commission shall develop formal procedures to  
17    consider safety in a ~~general~~ rate case application by an electrical  
18    corporation or gas corporation, ~~including a separate rate case~~  
19    ~~application that considers a subset of the corporation's revenues,~~  
20    ~~expenses, and investments in plant and equipment to establish an~~

~~approved revenue requirement.~~ *corporation.* The procedures shall include all of the following:

(a) In advance of, or concurrent with, the scheduled submission of a rate case application by an electrical corporation or gas corporation, commission staff shall produce a report on the safety performance of that corporation in those areas in which the corporation's revenue requirement is under consideration. The report shall examine the safety performance of the electrical corporation or gas corporation over a time period no shorter than the period between the scheduled rate case applications. The report shall be entered into the record of the rate case proceeding.

(b) Subsequent to the submission of a rate case application by an electrical corporation or gas corporation, commission staff units responsible for safety risk assessment shall evaluate the quality of the risk analysis of the applicant's incremental safety-related revenue requests, including the quality of the alternatives analysis. The report shall be entered into the record of the rate case proceeding.

(c) The commission, in approving a decision determining the revenue requirements of an electrical corporation or a gas corporation in a rate case proceeding, shall make risk-informed findings as to the safety benefits of incremental funding requests of safety-related proposed expenditures by the corporation.

(d) The commission, in approving a decision determining the revenue requirements of an electrical corporation or gas corporation in a rate case proceeding, shall order commission staff to monitor the safety performance of the corporation and to prepare a report on the safety performance of that corporation in advance of, or concurrent with, the next rate case application by the corporation.

~~SEC. 2.—Section 761.1 is added to the Public Utilities Code, to read:~~

~~761.1.—(a) The commission shall develop safety risk management procedures for use in quasi-legislative proceedings. The safety risk management procedures shall assist the commission in determining whether or not a proposed policy or rule change will affect safety. The safety risk management procedures shall ensure the sufficient development of the evidentiary record to support findings with regard to the incremental effect on safety of the proposed policy or rule changes made in quasi-legislative proceedings.~~

1     ~~(b) The safety risk management procedures shall include all of~~  
2     ~~the following:~~

3     ~~(1) A description of a plant, equipment, or system proposed to~~  
4     ~~be changed.~~

5     ~~(2) Identification of the hazards that may be created, eliminated,~~  
6     ~~or modified by the proposed policy or rule change.~~

7     ~~(3) An analysis of risks using quantitative or qualitative~~  
8     ~~estimates of the likelihood of hazards occurring in a plant,~~  
9     ~~equipment, or system.~~

10    ~~(4) The assessment of risks, which is a decision as to whether~~  
11    ~~a risk is or is not acceptable to the commission.~~

12    ~~(5) The inclusion of risk controls, which may be used to~~  
13    ~~eliminate or mitigate the risks of a proposed policy or rule change.~~  
14    ~~The controls may include any or all of the following:~~

15    ~~(A) The redesign of the approach to achieve the policy goal that~~  
16    ~~eliminates or reduces the safety risk.~~

17    ~~(B) Incorporation of technological or other devices to reduce~~  
18    ~~safety risks.~~

19    ~~(C) The use of warning procedures or devices to alert an actor~~  
20    ~~of a hazardous condition in order to give that actor time to avert~~  
21    ~~the hazard.~~

22    ~~(D) Development of procedures or training to manage the~~  
23    ~~consequences of a hazardous condition.~~

24    ~~(e) The safety risk management procedures shall ensure the~~  
25    ~~opportunity for the commission to exercise future safety assurance~~  
26    ~~activities, including monitoring, data tracking and analysis, audits,~~  
27    ~~investigations, and enforcement action.~~

28    ~~(d) If another state entity holds or shares regulatory authority~~  
29    ~~to ensure safety, including the State Fire Marshal or the California~~  
30    ~~Building Standards Commission, the commission shall consult~~  
31    ~~with that state entity.~~

32    ~~(e) The commission shall implement the safety risk management~~  
33    ~~procedures by October 1, 2015.~~